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Agricultural Situation

Agricultural Marketing Service
U. S. Department of Agriculture

WHO GETS THE MONEY?



Charges for marketing pork increased from 21.5 cents a retail pound in the second quarter of 1955 to a record high of 25.8 cents in the fourth quarter while prices to farmers for hogs were decreasing sharply.

For the first quarter of 1956, the price spread between what the consumer paid for pork and what the farmer received for hogs narrowed by 2.6 cents a retail pound of pork. At the same time, slaughtering of hogs declined 7 percent below the fourth quarter of 1955.

The price spread between farmer and consumer has widened in most recent years. In 1947, the spread averaged 17.5 cents per retail pound, a record high up to that time, and it increased to an average of 23.7 for 1955, another record high.

Marketing costs have risen substantially during this long-run period, and these costs are reflected in the increas-

ing price spreads. Furthermore, hog prices have tended to be much more sensitive in recent years to increases in market supplies.

The most rapid drop in hog prices ever recorded in the United States for any 6-month period took place from June to December 1955.

The average price of barrows and gilts at Chicago during June was \$19.59 per 100 pounds and in December \$10.73, a difference of about \$9 in average prices for the 2 months.

It appears that \$2.50 of the \$9 decline in prices of live hogs at Chicago from June to December 1955 was accounted for by the failure of retail pork prices to fall as rapidly as farm prices of hogs. A little less than half of this widening of the marketing margin between farm and consumer from the second to the fourth quarter of 1955 was accounted for by the packer and wholesaler, and

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Articles In This Publication

a little more than half at the retail level.

About \$1 of this increase in marketing margins is the usual seasonal change. Margins, therefore, widened approximately \$1.50 more per hundred pounds live weight from the second to the fourth quarter than would usually be expected on the basis of past seasonal patterns of margins.

In the last quarter of 1954, the price spread between what the consumer paid for pork and what the farmer received for hogs averaged 23.1 cents per retail pound. The spread narrowed to 22.8 cents per pound in the first quarter of 1955, and to 21.5 cents in the second quarter; then widened sharply to 24.7 cents in the third quarter of 1955, and to 25.8 cents in the fourth quarter, the widest spread on record.

Farmers have been concerned about the extent to which lower prices for hogs on the farm may have been associated with (and in part caused by) a general widening of marketing margins.

One major reason for the price decline is the increase in marketings of hogs during 1955. Total slaughter of hogs in 1955 was estimated at 80.5 million head, about 12 percent larger than in 1954.

With this increase in hog slaughter, the average price for 1955 dropped about 29 percent from 1954. On the average, during periods of stability in the general price level, a 10-percent change in production from one year to another would be accompanied by a 15- to 17-percent price change in the opposite direction.

The drop in prices between 1954 and 1955 was therefore about 50 percent greater than would usually be expected

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

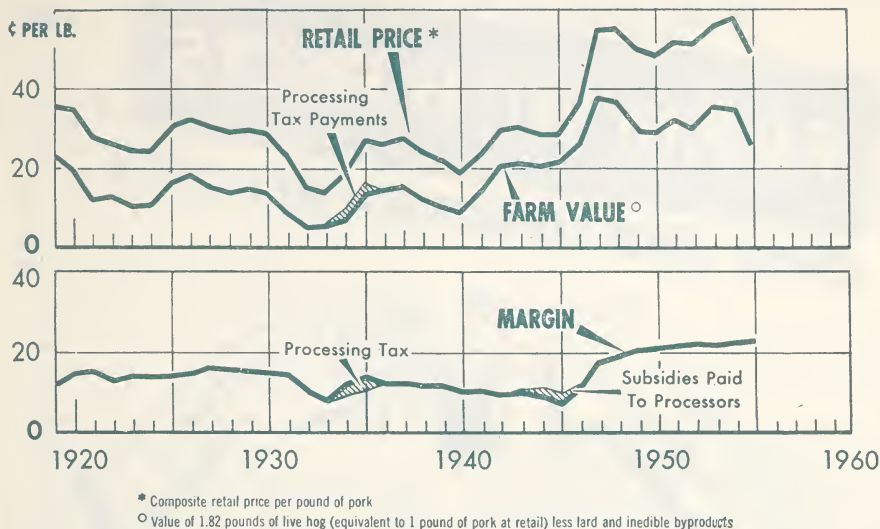
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Price Spreads for Hogs and Pork, Annual Data

FARM AND RETAIL VALUES AND MARKETING MARGIN



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with a 12-percent increase in market-ings.

Iowa to New York

But changes in marketing margins for pork also had an influence on hog prices and on prices paid by consumers for pork.

Here's an example of the marketing of hogs from an Iowa farm to consumers in New York City. This example assumes that a farmer in Iowa shipped his butcher hogs, averaging 230 pounds at the farm, by truck to a packing plant at Waterloo, Iowa, in March 1954 and in March 1955.

Each hog would have lost about 3 pounds as "shrink" in transit. The 127 pounds of fresh and cured wholesale cuts of pork (excluding lard and inedible byproducts) derived from each hog were sold to a retail food chain store in New York City, where 124 pounds of retail cuts were sold to consumers.

After allowing for the inedible by-products, not sold at retail, and for lard, consumers in New York City would

have spent \$72.30 for the 124 pounds of retail pork cuts in March 1954, or an average of 58.3 cents a pound. One year later they would have bought the same pork cuts for \$53.23, or for an average price of 42.9 cents a pound.

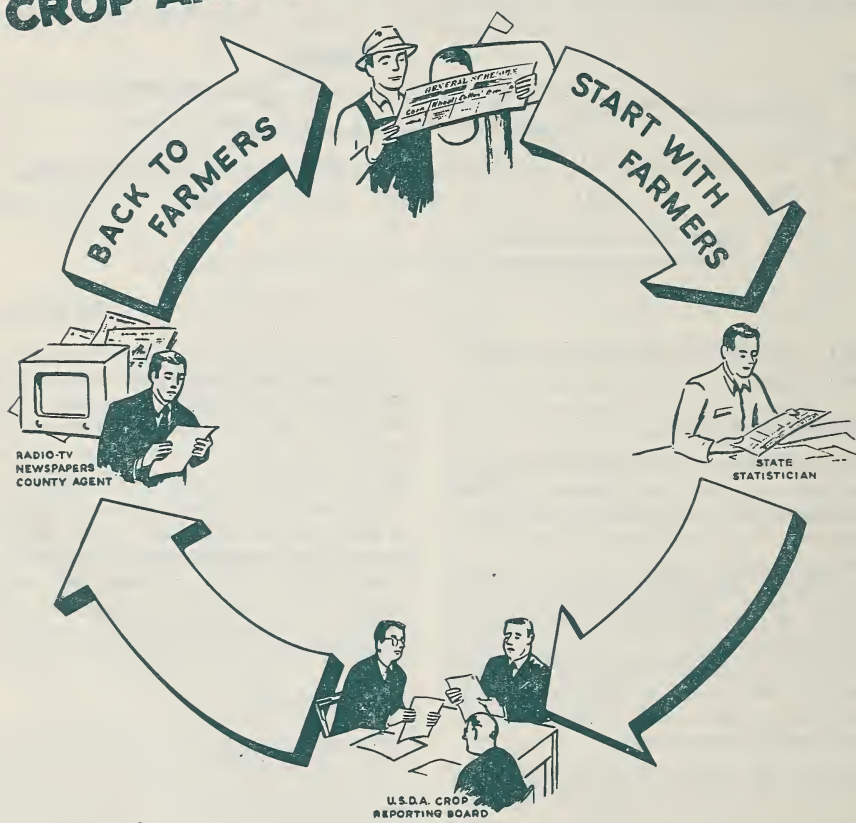
Expressed in cents per retail pound of pork, total marketing costs in this example increased slightly from March 1954 to March 1955, or from 18.2 cents to 18.9 cents. Returns to the producer, however, declined during the same period from 40 cents a pound to 24 cents.

Farmer's Part

Percentagewise, the producer would have received 68.7 percent of the consumer's pork dollar in March 1954 and 56.0 percent a year later. The packer-wholesaler would have received 18.7 percent of the consumer's dollar in March 1954 and 26.6 percent in March 1955. The retailer's margin rose percentagewise from 11.9 percent to 15.5 percent, and expenses of selling and shipping the live hog would have taken 0.7 percent of the consumer's dollar in March 1954 and 0.9 percent in March 1955.

FARM WITH FACTS

CROP AND LIVESTOCK REPORTS



**YOUR CROP AND LIVESTOCK REPORTING SERVICE
GETS FACTS FOR **YOU** ON FARM
PRODUCTION - STOCKS - PRICES**



U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

HOW DO FARMERS GET INFORMATION ON CROP AND LIVESTOCK REPORTS?

Most of the basic information on production, supplies, and prices of farm products is collected by the Crop and Livestock Reporting Service. This service is rendered farmers by the U. S. Department of Agriculture, usually with the cooperation of the State department of agriculture or the State agricultural college.

Whether you get information about production of crops and livestock direct from your State statistician, your county agent, or from a newspaper or radio, just remember that these facts come from your Crop and Livestock Reporting Service.

Most of the information comes first, though, from some 600,000 experienced farmers and ranchers in the United States. These farmers return about 2,700,000 questionnaires a year. Some report every week or two, some every month, every quarter, or perhaps once or twice a year—all depending on the list their names appear on and the kind of report requested.

About 110,000 farmers are asked to report regularly each month on crops, livestock, and other farm items. Over 80,000 country merchants report on prices farmers receive for their products and what farmers pay for goods they use—some monthly, some quarterly. They supply the information used in determining mid-month prices and the parity index.

Handlers Also Report

An additional 75,000 handlers of farm products—mills of all kinds, elevators, seedsmen, dairy manufacturers, canning plants, turpentine and rosin processors, and other processors of farm products—report seasonally on their own operations.

Many of the remaining number who fill in questionnaires are on special lists.

Each State is served by trained agricultural statisticians who understand

farming. The figures in completed questionnaires from farmers and ranchers are listed and added in the State statistician's office.

The estimates for all States are sent to Washington, D. C., and combined by the U. S. Crop Reporting Board, Agricultural Marketing Service.

Main Reports

Among the comprehensive reports issued by the Crop Reporting Board are:

1. **Crop Production**—issued about the 10th of each month, containing acreage, yield and production forecasts and estimates of field crops and fruits, quarterly farm stocks of grains, milk and egg production, comments on the crop season by commodities, indexes, and other related material.

2. **Cotton Production**—issued about the 8th of each month—August to December when cotton forecasts and estimates are made.

3. **Agricultural Prices**—issued near the end of each month, containing estimates of mid-month prices received by farmers, prices paid by farmers for commodities in the production and living indexes, parity prices, and other price information.

4. **Commercial Vegetables** — issued about the 10th of each month, covering acreage and production of vegetables for fresh market and for processing, by season.

5. **Most other releases** are on a periodic basis, such as the pig crop reports twice a year; stocks reports quarterly; monthly reports on hatchery production and on stocks and disposition of peanuts; monthly and annual reports on manufactured dairy products; and many reports annually, such as inventory numbers of livestock, disposition of field crops, and numerous others.

R. K. Smith, Vice Chairman
Crop Reporting Board, AMS

Commercial Grade of Beef Divided Into Two New Grades in Move to Help Producers

The Commercial grade of beef will be divided into two new grades, "Standard" and "Commercial," effective June 1, 1956. The present grades for cattle are Prime, Choice, Good, Commercial, Utility, Cutter, and Canner.

The present Commercial grade includes animals within the full range of maturity. It differs in this respect from the Prime, Choice, and Good grades which are restricted to relatively young cattle.

Standard Grade

The division of the present Commercial grade is being made on the basis of maturity. The grade name "Standard" will be applied to younger animals of the grade. The name "Commercial" will be retained for mature animals falling in the present Commercial grade.

This revision of beef grades was originally recommended by the Cattle and Beef Industry Committee.

It was the opinion of the committee that it is impractical to merchandise, under the same designation, beef from young animals which may qualify for the Commercial grade with only a small quantity of fat together with beef from older animals with a much greater degree of fatness.

Since Federal grades for live animals are designed to be perfectly correlated with the corresponding grades for beef, similar changes have been proposed for the grades of live animals and will likely go into effect at the same time.

You cattle growers may apply information on marketing conditions in the meat trade directly to the marketing of livestock, since the USDA uses these standards as a basis for reporting the livestock and meat markets by grades. Your use of these reports, based on U. S. grades, enables you to establish livestock values quite accurately and is

a distinct aid in deciding where and when to market your cattle.

Market news statistics are also used extensively in connection with the forecasts of market trends and developments which are so useful to you in planning your production and marketing programs. Livestock producers have more and better information available to them with which to plan their operations than at any time in history.

Beef was the first kind of meat for which standards were developed. The grading service on the two highest grades of beef, Prime and Choice, was started following a meeting in Kansas City in July 1926, attended by approximately 250 prominent cattle breeders and feeders from all parts of the country. They contended that if a system were developed for labeling the different qualities of beef so that consumers would have a reliable guide to the quality they desired, it would encourage the consumption of beef and also provide a means of reflecting consumers' preference back to the producer. A temporary beef grading and stamping service was begun on May 2, 1927, and changed to a voluntary, self-supporting basis, including all grades, on July 1, 1928, and has been continued and expanded.

Dependable Guide

Federal grades for beef are used extensively by packers, wholesalers, retailers, and consumers as a dependable guide to quality that is mutually understood throughout the country.

The widespread adoption of the meat grading service provides a more nearly uniform basis for merchandising beef and has encouraged more packers to engage in beef slaughtering. This, of course, increases the competition for cattle which is very advantageous to producers. Savings in distribution costs through the use of grades to identify quality likewise result in substantial benefits to cattle producers.



Prime



Standard



Choice



Commercial



Good



Utility

"Bert" Newell's

Letter

Uncle Pete was an old ex-slave who drove an oxcart around the countryside collecting junk and, according to some, anything else that looked attractive, including a fat rooster or two when conditions were just right. He was Mister Hobgoblin himself to all of us kids. He was a fierce looking little old gnome, who, now as I look back on it, really liked children and got a lot of fun out of telling them all sorts of tales.

Uncle Pete had six fingers on one hand—at least he told us the large bump on one hand had been a sixth finger until it got "bit off." That in itself was enough to make him a person of distinction to us kids but he said that the extra finger gave him a sixth "cent" so he could talk with the spirits (I suspicioned it was the double distilled variety) and predict all sorts of things.

He specialized in the weather. He would rub the stump and tell us when it was going to rain or snow and what nights would be good for coon hunting and things of that sort.

He did tolerably well as long as he forecast weather in his own bailiwick, but every now and then when he got out in strange territory and the spirit got to talking pretty loud, his sixth "cent" would get him out on a limb. All of his signs pointed to a good hunting night but instead he spent most of it picking out birdshot while Aunt Caroline darned the holes in his pants.

I was running through some notes on last season and I came across a newspaper clipping or two that reminded me of Uncle Pete. They were mostly criticisms of some of our estimates. For the most part they were pretty good so long as they kept to a particular area, but every once in a while the writer would start taking in too much territory. One fellow in particular started out pretty well but his exuberance led him to taking in more and

more territory until before the season was over he was even disagreeing with himself.

I bring this matter up early in the season, not to criticize anyone who may disagree with the official forecasts and estimates we will make during the year, but rather to remind our cooperators of how we operate.

I think of one example of the farmer who wrote in and said conditions were a lot better than we had reported and he questioned our estimates for his State. When the State statistician looked up the report, he found that for a rather considerable area this man's opinion agreed exactly with the reports from other crop correspondents. However, the State was quite a large area and much lower conditions in other parts of the State had brought the State average down quite a lot.

As a matter of fact, the main reason we are in this business is to bring together the facts that are provided by thousands of cooperative reporters, interpret those facts to the best of our ability, and return to you a picture of the total situation. Each farmer is in position to judge his own local situation much more intelligently. It was to get just this kind of information that farmers themselves started this service more than a century ago.

Maybe if Uncle Pete hadn't tried to use his local formula in a foreign territory, he wouldn't have picked up that load of birdshot. Anyway, we on the Crop Reporting Board don't rely on any sixth "cent". We have a lot better guide to go by—the reports of thousands of well-informed farmers who have proven their ability to judge their own local situation.



S. R. Newell
Chairman, Crop Reporting Board, AMS

Although farmers' realized net income this year under present conditions may total somewhat under 1955, most, if not all, of the decline has already occurred. This, of course, does not take into account possible increases that could occur with further changes in farm programs.

High economic activity both here and abroad are sustaining a strong demand for U. S. farm products. Consumer incomes are at new highs and further expansion is in prospect this year. But as in recent years, the costs of processing and marketing foods are higher and much of the gain in consumer spending for food will reflect increased demand for services.

Cattle

Cattle slaughter the rest of 1956 will be about the same as last year, but less will be of the top grades and more of intermediate and lower quality. A substantial rise in prices for top grades is in prospect this summer; prices of lower grades will likely decline seasonally.

Dairy

Production of milk continues at record-breaking levels and will probably total 127 billion pounds for 1956, 3 percent more than last year. Purchases of dairy products for price support probably will be near those of the past year.

Poultry

Egg supplies will continue seasonally large for the next few months and will probably be larger this fall than last. Mid-April broiler chick placements, which will determine marketings in early July, were at record levels.

Hogs

The anticipated reduction in the 1956 spring pig crop will probably start a period of declining hog production. Hog slaughter will drop below a year

earlier sometime this fall and will stay below for some time to come. Hog prices in the late months of this year are expected to average higher than the relatively low prices a year earlier.

Fats and Oils

In 1955, civilians consumed about 45 pounds of fats and oils per person, the same as a year earlier. Total consumption of edible oils in 1956 is not likely to change much from last year.

Soybean crushings continue at a record rate, but a strong demand pushed mid-April prices at Illinois shipping points well above a year ago. Big supplies are again in prospect for 1956.

Feed Grains

A near record supply of feed grains is in prospect for the 1956-57 feeding year; acreage in 1956 will likely be smaller but record carryover stocks are in prospect. Supplies per animal unit may be a little less than in the current feeding year.

Wheat

If yields are average, this year's wheat crop may total around 904 million bushels, only slightly more than the current rate of consumption plus export. Wheat prices have advanced recently, reflecting limited supplies in the market.

Cotton

The supply of cotton for 1955-56 is estimated at 25.9 million bales. Estimated disappearance this year for domestic use and export of 11.2 million bales would leave a record carryover next August of 14.7 million bales.

Wool

Preliminary information suggests that Government payment on shorn wool marketings under the 1955 program will be around 40 percent of the value of each producer's sales.

THIS LIST CAN HELP YOU

and you can help it

Plentiful Foods MONTHLY LIST

June

Top billing on USDA's June Plentiful Foods List belongs to **Milk and other Dairy Products.**

Milk production is hitting its seasonal peak, with output per cow, as well as overall production, at a high level.

Other plentifuls for June are:

Beef . . . Onions . . . Canned and Frozen Cherries . . . Fresh Grapefruit . . . Rice . . . Peanut butter . . . Canned Tuna in oil.

A PENNY saved by you farmers is a penny earned for your fellow farmers—when you take advantage of USDA's Plentiful Foods Program.

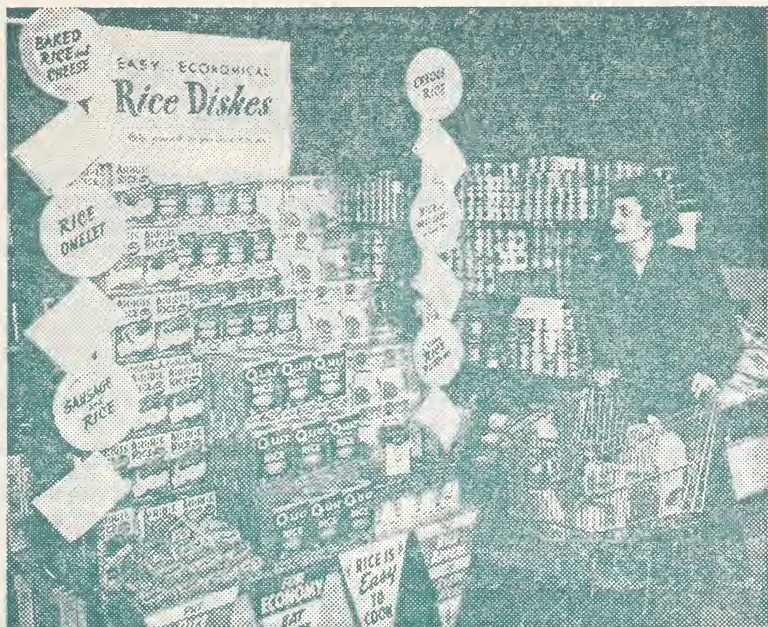
The Plentiful Foods Program helps to increase the demand for food which results in a larger volume—and better prices to farmers—of farm foods sold through normal trade channels.

You farmers-consumers can take advantage of the Plentiful Foods Program by buying and using plentiful foods. And you'll be helping other farmers at the same time—just as you are helped by the demand stimulated when the commodity you produce is designated "plentiful."

When foods are in plentiful supply, they're usually more economical. If consumers know this, they'll buy more of them. And if consumers buy more plentiful foods, farmers who produce these foods will get the benefit of the increased demand. This is the Program's goal.



Housewives get ideas for a new dish or for the week's menu when they read the food pages of the newspaper. Food editors cooperating in the Program frequently suggest recipes using foods on the Plentiful Foods List.



This retail grocer gives a "push" to a plentiful food with a special display of cooking suggestions and various brands available in the store. This kind of display often prompts shoppers to buy the food exhibited.

The Program stimulates demand by focusing public attention on foods in plentiful supply. The cooperation of the food trades and the press is vital to its operation. And cooperators in the food business and in information outlets have given their time and ability wholeheartedly to help the Department call consumers' attention to plentiful foods.

Big Push

Wholesalers, retailers, restaurant managers, and others in the food trades give a special "push" to plentiful foods through advertising, store displays, posters, and other merchandising techniques.

Meanwhile, food editors of such information outlets as newspapers, magazines, radio and television, arouse interest in plentiful foods by featuring them in recipes and stories on women's pages and women's programs.

Each month, USDA marketing specialists compile the Plentiful Foods List,

using all the Department's fact-finding services to help them designate the foods to be listed. These foods must be in plentiful supply in most marketing areas of the country, be commonly used by most people, and generally available in retail food stores.

Five USDA field offices, covering the entire country, adapt the national List to their particular areas, adding or deleting items according to local supply conditions. Then the information is distributed to all segments of the food trades and to information outlets.

Special Drives

In addition, special drives sometimes are conducted for a food in serious marketing difficulty—at the request of and in cooperation with industry.

For more information on this program and how it works, write to the Editor, *Agricultural Situation*, for a copy of PA-75, a new leaflet entitled, "The Plentiful Foods Program."

INTERNATIONAL CROP REPORTERS HELP UNITED STATES FARMERS

Farmers know and appreciate the value to them of the crop reporting system we have in the United States. Many people do not realize, however, that crop reporting from foreign countries is also vital to U. S. farm producers.

Some 30 million acres of U. S. cropland produce commodities for export to other countries. In selling our farm products to foreign countries, as well as buying from them, timely reports on foreign production outlook is essential.

56 Countries

This work is done by a small group of U. S. Agricultural Attachés who represent our agricultural interest in 56 countries around the globe. These "international crop reporters" help to put many additional dollars in U. S. farmers' pockets each year.

Farmers who produce specialized crops which compete directly with similar imported products are particularly dependent on our attachés' reports. The marketing of 1955 U. S. almond crop is an excellent example. Information from our attachés, together with trade reports, predicted the 1955 Mediterranean almond crop would be the smallest in many years. The Foreign Agricultural Service of the USDA passed the reports on to the U. S. growers, who were able to cash in on the highest returns ever obtained for this crop.

Similarly, U. S. raisin producers, when informed that the 1955 Turkish raisin crop was very small, were better able to bargain on sales of our exportable surplus of raisins.

Benefits to producers of crops that are storable or that do not compete with foreign production are not so spectacular nor direct. Nevertheless, prices and markets of many important U. S. farm commodities such as cotton, wheat, lard, tobacco, oilseeds, fruits, and many others are vitally affected by

developments overseas. Timely and accurate information on these developments often means substantial gains or avoidance of losses to American farmers.

No one knows better than the readers of the Agricultural Situation the difficulties and pitfalls that lie in the path of the crop reporter. Estimating the yield and production of farm crops requires patience, highly developed powers of observation, good judgment and reliable contacts. Under certain types of weather or disease conditions, margins of error are apt to be high even in relatively small areas.

Try to place yourself in the position of an "international crop reporter." You would find that your difficulties have multiplied many-fold. The crops that you are trying to estimate are very often unfamiliar to you, such as coffee, cacao, bananas, spices, and jute. They are grown in widely scattered areas in countries that are hundreds of thousands of square miles in area. Some of them are grown in areas that are all but inaccessible, on mountain plateaus or in tropical jungles.

You must often use every form of transportation, from the airplane to the oxcart or mule to reach some of these areas. If you are lucky, you have learned to speak the language of the country reasonably well, but many terms commonly used to describe crop conditions are still unfamiliar to you. Besides, the local inhabitants may speak a dialect that is not understood even by most of their own fellow countrymen.

Difficult Job

National or local governments in many undeveloped countries have not yet been able to build up a network of professional agriculturists that report from the agricultural areas of the country. Such statistics as are available from either public or private sources may be incomplete and vary

widely in degree or reliability. Nevertheless, you will be expected to furnish your own Government with reliable estimates of yield and production for all the major crops raised in the country of your assignment.

At first glance the job appears to be an impossible one. In practice, however, our agricultural attaché assigned overseas manages to come up with estimates that turn out to be relatively accurate. Of course, he can't do it by himself, but must rely on many sources of information and must learn many "tricks of the trade," not found in most textbooks on statistics.

Conditions Vary

The conditions just described do not apply to all foreign countries and all of them would be applicable in only a few of the more undeveloped countries. Few countries, if any, have a crop reporting system comparable to ours in the United States. A number of additional countries have some form of crop reporting or estimating service in which coverage ranges from spotty to poor and accuracy from fair to very unreliable. At best, only the most important commodities are given much attention.

The most essential method used by an attaché to obtain reliable data is to develop reliable and well-informed contacts in all producing areas. These contacts should include farmers, bankers, buyers, processors, and shippers. The information they furnish must be evaluated, cross-checked and adjusted for bias. Many observers who are skillful at estimating crop conditions tend to underestimate yields.

The attaché soon learns that he must rely, to a much greater extent than a U. S. crop reporter, on his own intuition and his evaluation of the judgment of his contacts. He travels as widely and observes as carefully as he can, checking his own observations against those of his contacts. In most countries many farmers and businessmen will speak rather freely to him. Nowhere in the world, however, do people discuss or reveal to others details of farm or business operations as freely as we do in the United States.

As the harvest progresses, the attaché obtains as accurate a check as possible of his previous estimates by checking quantities moved to markets, processed, or exported. An attaché may sometimes find that final distribution data shows his original estimates to have been far off the mark. He must then laboriously recheck all his sources to try to find out where he went astray.

Even in countries with well organized and fairly reliable crop reports, our attachés must keep constantly on the alert for sudden developments in disease or weather conditions that may drastically alter the production picture. For example, our attachés have very often reported that the wheat crop in France is likely to fall well below the latest official estimates of production because of severe frost or rains immediately prior to harvest or rapidly developing disease or insect damage.

The U. S. Department of Agriculture maintains the most complete worldwide agricultural reporting network and our attachés are the eyes and the ears of this system. Proof that our attachés overseas have earned an excellent reputation as accurate and objective reporters of crop conditions and crop production can be found in the fact that many countries use USDA reports based on U. S. attachés' estimates in their own official publications.

Wide Use

The reports sent to Washington by attachés are analyzed, summarized, and published by regional and commodity specialists of the Foreign Agricultural Service. These published reports are widely distributed, for example, to farmers, cooperatives, trade associations, exporters, and importers.

This information guides farmers in planning production, marketing organizations in selling agricultural products, exporters and importers in selling to or purchasing from foreign markets, and the U. S. Government in planning and carrying out its program and policies involving agriculture.

Quentin R. Bates
Foreign Agricultural Service

Wheat Farmers Get Small Part of Increase in Price to Consumers for Loaf of Bread

Wheat farmers got about one-half cent of the price increase of 7.3 cents for a 1-pound loaf of bread from 1946 to 1955.

Only 3.1 cents of the average amount—17.7 cents—paid by consumers for a pound of white bread went to farmers for wheat and other ingredients of farm origin.

Bakers' Charges Up

The average price of bread rose one-half cent in 1955 to a new high of 17.7 cents for a 1-pound loaf of bread, or 70 percent above the 10.4 cents paid in 1946. Most of the rise came from increases in charges by bakers.

The rise in bread prices corresponded rather closely to the rise of hourly earnings of flour and grain-mill workers and to increases in the price of supplies used by millers and bakers.

Farm values of wheat and of other raw materials finally used in bread amount to less than one-fifth of the total price of bread. Therefore considerable changes can take place in farm prices without affecting the price of the finished product.

A number of handling and processing steps take place between the farm gate and the consumer's table. Storage, insurance, transportation, milling, and other processing add to the value of raw materials delivered to the baker for making bread. Over the decade, these charges rose from 1 cent to nearly 2 cents a loaf. However, the cost of these essential services amounts to about one-tenth of the price of a loaf of bread.

At the bakery the number of services performed multiplies swiftly. Before the finished loaf of bread is placed in the grocery, its ingredients have been stored, processed for baking, and baked; the bread itself has been sliced, wrapped, and delivered.

The wholesale bakeries sold white

bread to grocery stores in 1955 for approximately 14.8 cents per pound. The ingredients cost 5 cents, which gave the wholesale bakery a margin of 9.8 cents.

All bakeries' costs have risen considerably since 1946. Packaging takes as large a share of the consumer's money as the flour mill. The cost of the paper used to wrap bread has almost doubled over the last 10 years.

Payments to driver-salesmen claim as much of the sales dollar as wage payments paid to plant labor. The selling expense of wholesale bakeries also includes vehicle expense, advertising, overhead, and loss from stale bread.

In short, the wholesale bakery delivery systems which were developed to meet the individual needs of the neighborhood retail grocery have become progressively more costly.

Chain store bakeries have developed a high volume cost-cutting wholesale delivery system to serve their outlets. Indications are that bread prices in chain stores averaged about 4 cents per pound below retail prices in stores buying from wholesale bakeries. There was no basis for estimating quality differences, if any.

Large baking plants have been meeting the challenge of rising labor costs by increased mechanization. Flour can now be delivered in portable bins or moved by air pressure through tubes from trucks or rail cars into storage bins, whence it flows by gravity in most instances to the production floor.

Retail Margin Steady

The retail grocer receives about 2.9 cents a loaf on an average for his services, or 0.7 cent more than in 1946. The larger tonnage volume of the average grocery today, compared with that before World War II, explains in part the fact that the retailer's margins on bread have not advanced with the general rise in bread prices.

Corn, Wheat, Oats Stocks Are Large

Stocks of corn, wheat, and oats stored in all positions on April 1 were record large. These included 2,291 million bushels of corn, 1,288 million bushels of wheat, and 674 million bushels of oats.

Wheat stocks stored in all positions on April 1 are 4 percent more than a year earlier, the previous record holdings, and more than double the 1945-54 April 1 average. The stocks were more than a third larger than the 1955 production, reflecting the record large carryover of old wheat on July 1, a large part of which was Government owned.

Off-farm wheat stocks of 1,069 million bushels, 4 percent more than a year earlier, were a record for the date.

Corn stocks in all storage positions on April 1, at 2,291 million bushels, were the largest of record, 7 percent above the 2,133 million bushels in storage a year ago and 47 percent above average. About one-half of the stocks were under loan to or owned by Commodity Credit Corporation. Of the total, 1,477 million bushels were on farms—up about 4 percent from a year ago. Disappearance of corn from all positions during the January-March quarter was 767 million bushels compared with 692 million bushels the same quarter a year ago.

Stocks of oats in all positions are estimated at 674 million bushels—a record high. This is nearly one-tenth more than last year, and one-fourth more than the 10-year average. More than half of the Nation's stocks are in Minnesota, Iowa, South Dakota, and Wisconsin.

Farm stored oats at a record 588 million bushels represent 87 percent of the April 1 total stocks, somewhat smaller than usual. Holdings of 55 million bushels in interior mills, elevators and warehouses are the largest ever held in that position. Disappearance of 409 million bushels since January 1, 1956, is larger than usual, and compares with 395 million bushels for the same quarter last year.

Barley stocks in all positions on April 1 totaled 206.3 million bushels, the second largest of record, and exceeded only slightly by last year's all-time high of 206.5 million bushels. Of the current holdings, 115.8 million bushels were on farms—the second largest farm stocks since 1943; 68.5 millions bushels were in interior mills, elevators and warehouses—the largest of record; and 21.7 million bushels were in terminals—the largest in 5 years. Disappearance of 98.1 million bushels was the largest of record.

Rye stocks of 23.7 million bushels in all positions on April 1 were the largest since 1944 and 17 percent larger than a year earlier.

Sorghum grain stocks estimates are available as of April 1 for only the off-farm positions. The off-farm stocks total was an April 1 record of 124.7 million bushels compared with 120.6 million bushels a year ago.

FARMERS' PRICES

Indexes (1910-14=100)	1955		1956			
	April	Year (average)	January	February	March	April
Prices received by farmers.....	247	237	226	226	230	233
Parity index (prices paid, interest, taxes, and wage rates).....	284	281	281	280	282	284
Parity ratio.....	87	84	80	81	82	82

DAIRY FARMERS TO SELL MORE MILK

Dairy farmers got assurance of bigger and better markets, when Public Law 465 was enacted early in April.

The law extends the Special School Milk Program, and makes its benefits available to more children.

This program has been responsible for big gains in milk drinking by school children this year. The new law authorizes use of another \$10 million for the year, raising the total to \$60 million.

The law extends the program for another 2 years. Originally, it was scheduled to end this June 30; now, it will run through June 30, 1958, with expenditure of \$75 million authorized for each of those next 2 years.

The law also broadens the scope of the program. The original law provided for action in increasing consumption of milk by children in nonprofit schools of high school grade and under.

In addition to that group, the new law also makes eligible nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions which are devoted to the care and training of underprivileged children on a public welfare or charitable basis.

Farmer's share of consumer's food dollar

March	1956-----	39 percent
February	1956-----	39 percent
March	1955-----	42 percent

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